

Company Registration No. 09119941 (England and Wales)

FABIANA FILIPPI RETAIL (U.K) LTD
UNAUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017
PAGES FOR FILING WITH REGISTRAR

FABIANA FILIPPI RETAIL (U.K) LTD

COMPANY INFORMATION

Directors Ms V Cocco
Mr M Filippi Coccetta
Mr S Sorbi

Company number 09119941

Registered office 42 Conduit Street
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FABIANA FILIPPI RETAIL (U.K) LTD

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FABIANA FILIPPI RETAIL (U.K) LTD

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2017

The directors present their annual report and financial statements for the year ended 31 December 2017.

Principal activities

The principal activity of the company was that of making sales of luxury Italian made fashion clothes and accessories through its shop in Mayfair, London. The shop opened its doors for trading in April 2015, therefore 2017 represented the company's second full year of trading.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Ms V Cocco
Mr M Filippi Coccetta
Mr S Sorbi

Significant events and cost increases

Rent on the shop in Mayfair is reviewed on the 5th anniversary of the term of the commencement of the lease. The last review was completed in the first quarter of 2016. The result of the review was a significant increase in annual rent, with effect from 1 July 2015, to align the rent to the market value.

Business rates are reviewed approximately every 5 years. The most recent revaluation came into effect in England and Wales on 1 April 2010 and was based on rateable values from 1 April 2008. The last revaluation came into effect on 1 April 2017. As a result of this the revaluation of the business rates for the shop came into effect from 1 April 2017.

At the board of directors meeting held 14 December 2017 a decision by Fabiana Filippi S.p.a to convert £1,000,000 of loans and payables due to Fabiana Filippi S.p.a into equity was ratified by the directors. This follows a similar decision made on the 11 May 2016 to convert £600,000 of loans and payables due to Fabiana Filippi S.p.a. into equity.

The directors have reviewed the carrying value of the lease and have assessed that its carrying value is £1,000,000 higher than its fair value, less costs to sell. Consequently, £1,000,000 has been included as an impairment cost in the profit and loss account.

The company's lease over the Mayfair shop is due to expire in 2020. The company has the right to renew the lease. It is currently the intention of the directors to renew the lease and these financial statements have been prepared on this basis.

Going concern

The directors anticipate that the company will continue to receive financial support from its main shareholder, Fabiana Filippi S.p.a. For this reason, the directors have determined that it is appropriate to prepare these financial statements on the basis that the company will continue as a going concern for the foreseeable future. This report has been prepared in accordance with the provisions applicable to companies entitled to the small companies exemption.

On behalf of the board

Ms V Cocco
Director
14 May 2018

FABIANA FILIPPI RETAIL (U.K) LTD

BALANCE SHEET

AS AT 31 DECEMBER 2017

		2017		2016	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	4		925,698		2,205,810
Current assets					
Stocks		296,273		206,468	
Debtors	5	316,484		333,377	
Cash at bank and in hand		752,340		411,928	
		1,365,097		951,773	
Creditors: amounts falling due within one year	6	(586,122)		(282,193)	
Net current assets			778,975		669,580
Total assets less current liabilities			1,704,673		2,875,390
Creditors: amounts falling due after more than one year	7		(731,700)		(1,731,700)
Net assets			972,973		1,143,690
Capital and reserves					
Called up share capital	8	1,000,000		1,000,000	
Equity reserve		1,600,000		600,000	
Profit and loss reserves		(1,627,027)		(456,310)	
Total equity			972,973		1,143,690

The directors of the company have elected not to include a copy of the profit and loss account within the financial statements.

For the financial year ended 31 December 2017 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The members have not required the company to obtain an audit of its financial statements for the year in question in accordance with section 476.

These financial statements have been prepared and delivered in accordance with the provisions applicable to companies subject to the small companies' regime.

FABIANA FILIPPI RETAIL (U.K) LTD

BALANCE SHEET (CONTINUED)

AS AT 31 DECEMBER 2017

The financial statements were approved by the board of directors and authorised for issue on 14 May 2018 and are signed on its behalf by:

Ms V Cocco

Director

Company Registration No. 09119941

FABIANA FILIPPI RETAIL (U.K) LTD

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2017

	Share capital	Equity reserves	Profit and loss reserves	Total
Notes	£	£	£	£
Balance at 1 January 2016	1,000,000	-	(337,623)	662,377
Year ended 31 December 2016:				
Loss and total comprehensive income for the year	-	-	(118,687)	(118,687)
Conversion of Fabiana Filippi S.p.a. loan to equity	-	600,000	-	600,000
Balance at 31 December 2016	1,000,000	600,000	(456,310)	1,143,690
Year ended 31 December 2017:				
Loss and total comprehensive income for the year	-	-	(1,170,718)	(1,170,718)
Conversion of Fabiana Filippi S.p.a. loan to equity	-	1,000,000	-	1,000,000
Balance at 31 December 2017	1,000,000	1,600,000	(1,627,027)	972,973

FABIANA FILIPPI RETAIL (U.K) LTD

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

Company information

Fabiana Filippi Retail (U.K) Ltd is a private company limited by shares incorporated in England and Wales. The registered office is 42 Conduit Street, London, England, W1S 2YH.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006 as applicable to companies subject to the small companies regime. The disclosure requirements of section 1A of FRS 102 have been applied other than where additional disclosure is required to show a true and fair view.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest £.

The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

1.2 Going concern

The company's lease over the shop in Mayfair is due to expire in 2020. The company has the right to renew the lease. It is currently the intention of the directors to renew the lease and these financial statements have been prepared on this basis. The directors anticipate that the company will continue to receive financial support from its main shareholder, Fabiana Filippi S.p.a.. For these reasons, the directors have determined that it is appropriate to prepare these financial statements on the basis that the company will continue as a going concern for the foreseeable future.

1.3 Turnover and other operating income

Turnover represents amounts receivable for: 1) goods net of VAT and discounts; 2) rental of the upper floors of the premises located at 42 Conduit Street, net of VAT; and 3) merchant commissions. Other income represents recharges to other group companies according to the contract in place.

Revenue from the sale of goods is recognised when the goods are sold from the shop. Revenue from the rent of the upper floors is apportioned according to the period of occupancy. Merchant commissions are accrued for once they are recognised and accepted by the merchant. Other operating income is apportioned according to the period that the services have been performed.

1.4 Tangible fixed assets

Tangible fixed assets are initially measured at cost and subsequently measured at cost, net of depreciation.

The company's main asset is its lease over its shop in Mayfair. This lease is due to expire in 2020. The company has the right to renew the lease. It is currently the intention of the directors to renew the lease and these financial statements have been prepared on this basis.

FABIANA FILIPPI RETAIL (U.K) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Depreciation is recognised so as to write off the cost or valuation of assets less their residual values over their useful lives. For this purpose it has been assumed that the company's lease over its shop in Mayfair will be extended. The following basis for residual lives have been used.

Leasehold Buildings	10 years
Fixtures, fittings & equipment	10 years

1.5 Impairment of fixed assets

At each reporting period end date, the company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

1.6 Stocks

Stocks are stated at the lower of cost and estimated selling price less costs to complete and sell. Cost comprises of the purchase cost of the stocks. Stocks are purchased from the company's main shareholder Fabiana Filippi S.p.a.

At each reporting date, an assessment is made for impairment. Any excess of the carrying amount of stocks over its estimated selling price is recognised as an impairment loss in profit or loss.

1.7 Cash and cash equivalents

Cash and cash equivalents are basic financial assets and include cash in hand, deposits held at call with banks.

1.8 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Classification of financial liabilities

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies are initially recognised at transaction price.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised at transaction price.

1.9 Taxation

FABIANA FILIPPI RETAIL (U.K) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

1 Accounting policies

(Continued)

Deferred tax

As a result of the magnitude of the losses made in the year to 31 December 2017, to 31 December 2016 and to 31 December 2015 the directors believe that it is not prudent to account for deferred tax assets within these financial statements.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

The cost of any unused holiday entitlement is recognised in the period in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Leases

Rentals payable under operating leases, including any lease incentives received, are charged to income on a straight line basis over the term of the relevant lease except where another more systematic basis is more representative of the time pattern in which economic benefits from the lease asset are consumed.

1.12 Foreign exchange

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the profit and loss account for the period.

2 Interest payable and similar expenses

	2017 £	2016 £
Interest payable and similar expenses includes the following:		
Interest payable to group undertakings	11,390	13,018

3 Impairments

Impairment tests have been carried out where appropriate and the following impairment losses have been recognised in profit or loss:

	Notes	2017 £	2016 £
In respect of:			
Leasehold buildings	4	1,000,000	-

The directors have reviewed the carrying value of the lease over the shop at 42 Conduit Street and have assessed that its carrying value is £1,000,000 higher than its fair value less costs to sell. Consequently, £1,000,000 has been included as an impairment cost within the profit and loss account.

FABIANA FILIPPI RETAIL (U.K) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

4 Tangible fixed assets

	Leasehold buildings £	Fixtures, fittings & equipment £	Total £
Cost			
At 1 January 2017 and 31 December 2017	2,080,000	686,034	2,766,034
Depreciation and impairment			
At 1 January 2017	416,000	216,336	632,336
Depreciation charged in the year	208,000	-	208,000
Impairment losses	1,000,000	-	1,000,000
At 31 December 2017	1,624,000	216,336	1,840,336
Carrying amount			
At 31 December 2017	456,000	469,698	925,698
At 31 December 2016	1,664,000	541,810	2,205,810

Tangible fixed assets comprise entirely of costs relating to the company's shop in Mayfair.

The directors have reviewed the carrying value of the lease and have assessed that its carrying value is £1,000,000 higher than its fair value less costs to sell. Consequently, £1,000,000 has been included as an impairment cost in the profit and loss account.

5 Debtors

	2017 £	2016 £
Amounts falling due within one year:		
Trade debtors	20,578	45,258
Other debtors	295,906	288,119
	316,484	333,377

Other debtors £293,906 (2016: £288,119) includes rental deposits of £165,375 (2016: £165,375) paid by the company for its shop in Mayfair.

FABIANA FILIPPI RETAIL (U.K) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

6 Creditors: amounts falling due within one year

	2017 £	2016 £
Trade creditors	22,674	30,656
Amounts due to group undertakings	522,318	227,737
Other taxation and social security	29,154	7,304
Other creditors	11,976	16,496
	<u>586,122</u>	<u>282,193</u>

7 Creditors: amounts falling due after more than one year

	2017 £	2016 £
Other creditors	731,700	1,731,700
	<u>731,700</u>	<u>1,731,700</u>

Creditors: amounts falling due after more than one year £731,700 (2016: £1,731,000) includes a loan from the company's main shareholder, Fabiana Filippi S.p.a. of £700,000 (2016: £1,700,000). The terms of the loan are that the lender will advance up to £2,800,000 to the company at an interest rate of 1% above Euribor 3 and that interest is payable on 10 January each year. The current term of the loan is that it is to be repaid by the company to Fabiana Filippi S.p.a. in full by 31 December 2018. The directors are in discussion with Fabiana Filippi S.p.a. to extend the deadline for repayment of this loan. The directors anticipate that these discussions will be successful.

At the board of directors meeting held 14 December 2017 a decision by Fabiana Filippi S.p.a to convert £1,000,000 of loans and payables due to Fabiana Filippi S.p.a into equity was ratified by the directors. This follows a similar decision made on the 11 May 2016 to convert £600,000 of loans and payables due to Fabiana Filippi S.p.a. into equity.

8 Called up share capital

	2017 £	2016 £
Ordinary share capital		
Issued and fully paid		
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000
	<u>1,000,000</u>	<u>1,000,000</u>

9 Uncertainties

The company has the right to renew the lease over its shop in Mayfair when it expires in 2020. It is the intention of the directors to renew the lease and these financial statements have been prepared on the basis that the lease will be extended.

FABIANA FILIPPI RETAIL (U.K) LTD

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2017

10 Significant events

At the board of directors meeting held 14 December 2017 a decision by Fabiana Filippi S.p.a to convert £1,000,000 of loans and payables due to Fabiana Filippi S.p.a into equity reserve was ratified by the directors. This follows a similar decision made on the 11 May 2016 to convert £600,000 of loans and payables due to Fabiana Filippi S.p.a. into equity reserve.

Business rates on the property at 42 Conduit Street are reviewed approximately every 5 years. The last review was initiated on 1 April 2016. As a results of this revaluation the business rates increased approximately 50%.

11 Related party relationships and transactions

Transactions with Fabiana Filippi S.p.a.

During the year the company undertook the following transactions with Fabiana Filippi S.p.a.

- Purchase of goods for resale: £544,124 (2016: £485,679)
- Interest cost of inter-company loan: £13,390 (2016: £13,018)
- Recharged service cost: £10,600 (2016: £33,325)
- Decrease in intercompany loan: £1,000,000 (2016: £400,000)
- Other income: £276,952 (2016: £346,092)

At the balance sheet date the company had the following amounts due to or from Fabiana Filippi S.p.a.

- Due to: £522,318 (2016: £227,737)
- Due to (intercompany loan): £700,000,00 (2016: £1,700,000)

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